



## FISCAL MEMORANDUM

### SB 460 - HB 607

March 6, 2023

**SUMMARY OF BILL AS AMENDED (004467):** Prohibits a health insurance entity that offers health insurance coverage of complex rehabilitation technology (CRT) or manual wheelchairs from requiring a prior authorization for repairs of such technology or equipment. Prohibits a managed care organization (MCO) from requiring a participant in a TennCare program to obtain and submit a prior authorization for repairing CRT or manual wheelchairs.

Authorizes prior authorization for CRT or manual wheelchair repairs, if: (1) the repairs are covered under a manufacturer's warranty; (2) the cost of the repairs exceeds the cost to replace the CRT or manual wheelchair; or (3) the CRT or manual wheelchair in need of repair is subject to replacement because the age of the CRT or manual wheelchair exceeds, or is within one year of the expiration of, the recommended lifespan of the CRT or manual wheelchair.

### FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Expenditures - \$15,800/FY23-24 and Subsequent Years**

**Increase Federal Expenditures - \$30,100/FY23-24 and Subsequent Years**

Assumptions for the bill as amended:

- The proposed legislation would prohibit the Division of TennCare (Division) from performing prior authorizations on repairs of CRTs and manual wheelchairs.
- According to information provided by the Division, MCOs denied an average of \$45,919 in CRT repairs through prior authorizations in 2021 and 2022. This number is assumed to remain constant.
- Beginning in FY23-24, the Division will experience an increase in expenditures of \$45,919 to cover repairs of CRTs and manual wheelchairs.
- Medicaid expenditures receive matching funds at a rate of 65.485 percent federal and 34.515 percent state. Of this amount, \$15,849 ( $\$45,919 \times 34.515\%$ ) will be in state funds and \$30,070 ( $\$45,919 \times 65.485\%$ ) will be in federal funds.
- Based on information provided by the Division of Benefits Administration, any impact on the State Group Insurance Program from additional repairs on CRTs and manual wheelchairs is estimated to be not significant.

## **IMPACT TO COMMERCE OF BILL AS AMENDED:**

**Increase Business Revenue - \$45,900/FY23-24 and Subsequent Years**

**Increase Business Expenditures - Less than \$45,900/FY23-24  
and Subsequent Years**

Assumptions for the bill as amended:

- Individuals who provide CRT and wheelchair repair services will experience an increase in business revenue for providing services estimated to be \$45,919 in FY23-24 and subsequent years.
- For companies to retain solvency, any increased expenditures will be less than the amount of increased revenues collected. Therefore, the increase in business expenditures is estimated to be less than \$45,900 in FY23-24 and subsequent years.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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